

EXHIBIT 1 - ANALYSIS OF OPERATIONS BY LINES OF BUSINESS **Summary of Washington State HCSCs**

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| | Line | Total | Percent of Total Revenue | Comprehensive (Hospital & Medical) | Medical Only | Medicare Supplement | Dental Only |
|----|---|----------------|--------------------------|------------------------------------|--------------|---------------------|-------------|
| 1 | Net premium income | 10,510,610,558 | 96.70% | 7,061,130,177 | 0 | 226,196,404 | 210,370,114 |
| 2 | Change in unearned premium reserves and reserve for rate credit | -24,820,147 | -0.23% | -23,127,564 | 0 | -78,289 | -1,040,132 |
| 3 | Fee-for-service (net of \$0 medical expenses) | 133,315,266 | 1.23% | 100,611,337 | 0 | 0 | 381,550 |
| 4 | Risk revenue | 240,490,652 | 2.21% | 237,007,976 | 0 | 0 | 3,482,676 |
| 5 | Aggregate write-ins for other health care related revenues | 9,563,070 | 0.09% | 4,399,168 | 0 | 0 | 18,590 |
| 6 | Total revenues | 10,869,159,400 | 100.00% | 7,380,021,095 | 0 | 226,118,115 | 213,212,798 |
| 7 | Medical/hospital benefits | 5,904,392,149 | 54.32% | 4,059,828,675 | 0 | 117,542,091 | 0 |
| 8 | Other professional services | 1,007,327,269 | 9.27% | 601,219,543 | 0 | 21,560,727 | 149,295,561 |
| 9 | Outside referrals | 842,315,166 | 7.75% | 544,137,023 | 0 | 915,968 | 36,855 |
| 10 | Emergency room and out-of-area | 236,250,670 | 2.17% | 168,205,266 | 0 | 1,868,343 | 0 |
| 11 | Prescription drugs | 963,679,555 | 8.87% | 768,753,812 | 0 | 15,928,833 | 0 |
| 12 | Aggregate write-ins for other medical and hospital | 366,355,349 | 3.37% | 196,802,849 | 0 | 14,321 | 25,139,409 |
| 13 | Incentive pool and withhold adjustments | 1,723,858 | 0.02% | 506,502 | 0 | 0 | 0 |
| 14 | Subtotal | 9,322,044,016 | 85.77% | 6,339,453,670 | 0 | 157,830,282 | 174,471,825 |
| 15 | Net reinsurance recoveries | -76,298,226 | -0.70% | -76,387,792 | 0 | 0 | -2,659,811 |
| 16 | Total medical and hospital | 9,398,342,242 | 86.47% | 6,415,841,462 | 0 | 157,830,282 | 177,131,636 |
| 17 | Claims adjustment expenses | 415,570,576 | 3.82% | 318,161,483 | 0 | 17,204,303 | 6,086,113 |
| 18 | General administrative expenses | 949,634,229 | 8.74% | 677,387,916 | 0 | 26,432,032 | 14,997,688 |
| 19 | Increase in reserves for accident and health contracts | 1,092,779 | 0.01% | 2,188,779 | 0 | -1,096,000 | 0 |
| 20 | Total underwriting deductions | 10,764,639,826 | 99.04% | 7,413,579,639 | 0 | 200,370,617 | 198,215,437 |
| 21 | Net underwriting gain or (loss) | 104,519,573 | 0.96% | -33,558,545 | 0 | 25,747,498 | 14,997,361 |

Administrative Costs

12.56%

OF BUSINESS FOR 2002
and HMOs

| Vision Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Stop Loss | Disability Income | Long-term Care | Other |
|-------------|--|-------------------------|-----------------------|-----------|----------------------|-------------------|-------|
| 21,932,815 | 712,204,045 | 1,563,308,318 | 708,688,444 | 6,780,241 | 0 | 0 | 0 |
| -118,778 | -5,312,348 | 4,108,442 | 0 | 748,522 | 0 | 0 | 0 |
| 0 | 5,092,383 | 26,385,996 | 844,000 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 756,992 | 1,138,320 | 3,250,000 | 0 | 0 | 0 | 0 |
| 21,814,037 | 712,741,072 | 1,594,941,076 | 712,782,444 | 7,528,763 | 0 | 0 | 0 |
| 0 | 360,206,945 | 905,789,440 | 457,113,292 | 2,869,256 | 0 | 1,042,450 | 0 |
| 10,314,480 | 125,673,939 | 78,822,781 | 18,639,110 | 1,801,129 | 0 | 0 | 0 |
| 0 | 74,278,392 | 193,514,256 | 29,432,674 | 0 | 0 | 0 | 0 |
| 0 | 10,178,261 | 37,420,094 | 18,474,239 | 104,467 | 0 | 0 | 0 |
| 0 | 50,319,800 | 68,500,224 | 60,176,885 | 0 | 0 | 0 | 0 |
| 4,729,337 | 24,219,611 | 99,910,889 | 15,538,933 | 0 | 0 | 0 | 0 |
| 15,718 | -115,203 | -2,356,300 | 3,673,141 | 0 | 0 | 0 | 0 |
| 15,059,535 | 644,761,744 | 1,381,601,384 | 603,048,274 | 4,774,852 | 0 | 1,042,450 | 0 |
| -669,022 | -13,410 | 52,564 | 2,336,795 | 0 | 0 | 1,042,450 | 0 |
| 15,728,557 | 644,775,154 | 1,381,548,820 | 600,711,479 | 4,774,852 | 0 | 0 | 0 |
| 296,710 | 21,917,352 | 33,393,297 | 18,327,820 | 175,896 | 0 | 7,602 | 0 |
| 2,054,853 | 44,068,516 | 114,088,890 | 69,949,394 | 627,809 | 0 | 27,132 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18,080,120 | 710,761,022 | 1,529,031,007 | 688,988,693 | 5,578,557 | 0 | 34,734 | 0 |
| 3,733,917 | 1,980,050 | 65,910,069 | 23,793,751 | 1,950,206 | 0 | -34,734 | 0 |

Components as a Percentage of Overall Revenues

